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MARKETING PLAN FOR PROJECT CODE A11

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Abstract

Project A11 outlines a marketing plan for the launch of the HP Moonshot Server on the Bulgarian market. The plan was delivered to and approved by the Marketing department of Hewlett-Packard Bulgaria. The objective of the plan is to introduce the world's first commercially available software-defined server to Bulgarian medium-sized businesses and large enterprises. For this purpose an external and internal audit was conducted, customers' needs were analyzed and a marketing strategy is proposed. The financial impact of Project A11 is estimated, its risks are assessed and a mitigation plan is included if the original strategies are disrupted by significant changes on the market.

Keywords: Hewlett-Packard, server, Moonshot, marketing plan

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1. External Audit

1.1. Context

Market Overview

Major IT trends

The technology landscape is evolving rapidly making the IT industry highly dynamic. The accelerated innovation is reshaping the strategy across different industries and it is becoming a matter of not “if” but “how” to adopt and prepare for the new technology challenges.

Worldwide IT spending is predicted to exceed \$2.1 trillion, up 5.7 from 2012¹. According to IDC the major IT trends will be driven by the 3rd platform foundation: mobility, cloud services, social technologies, and Big Data which by 2020 will represent 40 % of the industry revenue and 98 % of its growth.

Mobile Internet

For the purpose of connecting to the Internet people are mainly using smartphones and tablets although new forms of mobile devices are emerging. The global mobile traffic grew 70 % in 2012² and the trend is evolving so by 2025 nearly 80 % of all Internet connections could be through mobile devices. The sales of smart mobile devices will grow by 20 % in 2013 reaching \$431 billion representing 20 % of all IT sales in 2013 and 57 % of the entire IT market growth³. By the end of 2013, the number of mobile-connected devices will exceed the number of people on earth⁴.

In Bulgaria according to the three major telecommunication companies, the sale of tablets and smartphones increased by a three digit percentage in 2013 with the correspondent increase of the use of mobile internet⁵.

¹ Gens, Frank. 2012. “IDC Predictions 2013: Competing on the 3rd Platform”. IDC #238044.

² Cisco. 2013. Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2012-2017. www.cisco.com (accessed October 20, 2013).

³ Manyika, Chui, Bughin, Dobbs, Bisson, and Marrs. 2013. “Disruptive Technologies: Advances that will transform life, business, and the global economy.” McKinsey Global Institute. May 2013.

⁴ Cisco. 2013. Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2012-2017. www.cisco.com (accessed October 20, 2013).

⁵ Georgiev, Asen. 2012. “Smartphones in Bulgaria are more than a mln”. *Capital*. January 2012.

http://www.capital.bg/biznes/tehnologii_i_nauka/2012/01/18/1747803_smartfonite_v_bulgaria_sa_nad_1 mln/



It is also important to know which industries are reaping the biggest benefits from the development of the mobile Internet technology. In the public sector services like health care are tremendously influenced by the mobile technology. There is already a variety of applications making possible management of different diseases. Other civil services are also experiencing the benefits. The Bulgarian government, for example, successfully introduced the e-government project some years ago which nowadays enables the use of mobile applications for information requests and other civil services. Mobile payment is getting more and more popular in the private sector where it is making sales services for both companies and consumers easier and faster.

The Internet of Things

More than nine billion devices are currently connected to the Internet and the number is expected to grow⁶. These devices include not only computers and smartphones but also powerful processors which are embedded into other devices making possible almost anything to be connected to the Internet. This is often referred to as the Internet of Things (IoT)—billions of devices can be tracked, they can gather and process information, or provide a service—all while seamlessly interacting with other data⁷. The IoT requires a huge amount of data to be collected from different objects, to transmit it across the network and apply it somehow. This process leads to a huge increase of the generated information. According to IDC predictions the digital universe is expanding by almost 50 % in 2012 and will reach 40 trillion gigabytes (Exabytes) by 2020.

A major adopter of IoT are governments. For example, IoT is mostly adopted in infrastructure, health and public services and sensors are used to monitor water management, garbage collection and driving behavior⁸.

Cloud Computing

The increasing number of devices connected to the Internet, of applications and services offered on the Internet (taking into account the high demand for HD video streaming) demands a new computing model. On one hand, it is the huge amount of generated data

⁶ Manyika, Chui, Bughin, Dobbs, Bisson, and Marrs. 2013. "Disruptive Technologies: Advances that will transform life, business, and the global economy." McKinsey Global Institute. May 2013.

⁷ Eastwood, Matt. 2013. "IDC Directions: Why the Datacenter of the Future Will Leverage a Converged Infrastructure". March 2013.

⁸ Bughin, Chui and Manyika. 2013. "Clouds, big data, and smart assets: ten tech-enabled business trends to watch". *McKinsey Quarterly*. 2013.
http://www.mckinsey.com/insights/high_tech_telecoms_internet/clouds_big_data_and_smart_assets_ten_tech-enabled_business_trends_to_watch



which requires powerful servers and storage facilities. On the other hand, from a technical point of view this requires maintenance of the whole system. Offering a simpler and powerful solution, the cloud technology became one of the leading trends in the IT industry. As the US National Institute of Standards and Technology defines it, cloud computing is “a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction.” As stated in the definition, cloud computing is requiring a complex system of computing resources but at the same time it is increasing IT productivity due to the increased utilization. Therefore, cloud computing is already replacing the standard computing model.

According to IDC spending on public and private cloud services, and the establishment of those services will reach \$60 billion⁹ and McKinsey Global Institute is forecasting the total economic impact of cloud technology to be \$1.7 trillion to \$6.2 trillion annually in 2025¹⁰. Starting from a smaller cloud traffic base than other regions, Central and Eastern Europe is expected to reach 55 % cloud traffic growth in comparison with 44% for Western Europe¹¹. Due to the simplicity offered by the cloud computing, it is used not only by the end consumers but it is also adopted by big enterprises and small and medium-sized businesses and entrepreneurs.

1.2. Competitors

Main competitors of the EG on a global level

Main competitors of the HP Enterprise Group are other companies who are offering Enterprise IT solutions including Servers, Storages and Networking. Main competitors on a global level are:

IBM

International Business Machines Corporation (IBM) is organized in 5 business units whereas the unit “Systems and Technology” includes similar products to the one of the HP

⁹ Gens, Frank. 2012. “IDC Predictions 2013: Competing on the 3rd Platform”. IDC #238044.

¹⁰ Manyika, Chui, Bughin, Dobbs, Bisson, and Marrs. 2013. “Disruptive Technologies: Advances that will transform life, business, and the global economy.” McKinsey Global Institute. May 2013.

¹¹ Cisco Global Cloud Index. Cisco. 2013. www.cisco.com (accessed October 20, 2013).



Enterprise Group. Systems and Technology unit is responsible for technologies for data centers, also integrated offerings (like IBM SmartCloud Entry), data storage. According to the IBM Annual Report¹² there is a decrease in the revenue of the segment by 6.9 %.

Dell

Dell divides their business in segments: large Enterprises, Public, Small and Medium Business and Consumer. In their Enterprise Solution division are included servers and Networking, and Storage products. According to their Annual Report¹³ the product revenue for 2012 increases in the Large Enterprise and SMB segments (major adopter of the new IT trends).

Cisco

Cisco organizes their business mainly into geographical segments: The Americas; Europe, Middle East, and Africa; Asia Pacific, Japan, and China. The core business of Cisco is networking products and solutions whereas their main focus areas are cloud and virtualization. According to Cisco Annual Report the company experienced 7% increase of net sales whereas the biggest contribution is from the Data Center products, the core Switching and Next Generation Network Routing.

EMC

One of the major competitors of the EG is EMC who are experiencing a 9 % revenue growth¹⁴. Their main success is in the areas of Cloud Computing, Big Data and Trusted IT (providing IT Security) whereas they are providing different solutions related to the software-defined data center.

Main competitors on the server market

Each quarter HP and IBM are in close competition for market leadership. While in the first quarter the leader was HP with 29.2% market share followed by IBM with 27.2% market share, in the second quarter IBM managed to take the leadership with 29.2% market share. The third place usually belongs to Dell followed by Oracle and Cisco.¹⁵

The Server Market in Bulgaria

¹² IBM 2012 Annual Report. 2013. IBM. http://www.ibm.com/annualreport/2012/bin/assets/2012_ibm_annual.pdf (accessed October 25, 2013).

¹³ Dell 2012 Annual Report. 2013. www.dell.com (accessed October 25, 2013).

¹⁴ EMC 2012 Annual Report. 2013. <http://www.emc.com/corporate/annual-report/index.htm> (accessed October 25, 2013).

¹⁵ IDC Press Release. 2013. Worldwide Server Market Revenues Decline. <http://www.idc.com/getdoc.jsp?containerId=prUS24285213> (accessed October 26, 2013).



According to data from IDC there is an increase of the server units sales on the Bulgarian market: 5908 units for 2012 and 6421 forecasted for 2013 and 9346 units for 2017¹⁶.

Since 2003 HP is the leader in the servers market segment (with 86% market share for 2003¹⁷). The market of servers grew tremendously in the last years and a lot of new players joined. According to the IT Survey Bulgaria 2013¹⁸ there are several significant players on the Bulgarian market together with HP: IBM, Dell, FSC, Intel, Lenovo, Packard Bell and Sun Microsystems (Oracle). However, HP remains the market leader with the highest market share¹⁹.

Direct competitors of HP Moonshot

There are four products that are offering similar solutions to the one of the Moonshot project and therefore are considered main direct competitors. Those are the SM15000 server by SeaMicro (AMD), Dell Copper and Zinc Server, STRATOS S900-X31A by QUANTA and the Group Hug introduced within the Open Compute Project. However, from these competitors only Dell is presented on the Bulgarian market.

1.3. Customers

Customers of HP

Customers of HP are individual consumers, small- and medium-sized businesses (“SMBs”) and large enterprises, including the government, in the health and education sectors²⁰. Customers of the Enterprise Group do not cover individual consumers but businesses and enterprises.

Customers of HP Moonshot

What differentiates HP Moonshot from its competitors is that the server is made to be generally orderable. Therefore, there is a small possibility that traditional hyper-scale customers such as Microsoft, Facebook or Amazon will have interest in the product. Moonshot does pursue organizations competing at scale in the online marketplace while main point of differentiation is that HP aims to win traditional enterprises, hosters and HPC

¹⁶ See Appendix. Figure 1.

¹⁷ Kastreva, Ana. 2003. “Hewlett-Packard remains the leader on the server market in Bulgaria.

http://www.dnevnik.bg/biznes/companii/2003/09/29/151825_hjulet_pakard_ostava_lider_na_pazara_na_unix_survuri_v/ (accessed October 26, 2013).

¹⁸ Stoychev, Ludmil. 2013. Most selling servers in Bulgaria for 2012 and a forecast for 2013.

http://www.whoiswho.bg/bg/charts/naj_prodavani_marki_servyri_v_bylgarija_za_2012_i_prognози_za_2013/ (accessed October 26, 2013).

¹⁹ HP Bulgaria Account Manager. 2013. Market research on the Bulgarian server market. Paper presented at a meeting regarding Project A11, Hewlett-Packard Bulgaria, Sofia.

²⁰ HP Annual Report 2012. 2013. Hewlett Packard.



(high-performance computing) customers. Choosing HP Moonshot promises to those customers strategic differentiation by using next generation computing infrastructure. Potential customers of HP Moonshot include banks, oil and gas companies, pharmaceutical, telecommunication companies, and the public sector.

Customers on the Bulgarian market

HP Bulgaria major customers cover four big groups: Telecommunication companies, Financial Services Companies, the Public Sector and Manufacturing Companies.

In order to understand the customer`s attitude towards HP and the IT trends on the market, and customer`s needs that are not met by current products, I conducted in-depth interviews with two major clients of HP, who represent the target market from two different business areas. My intent was to understand customer needs and the fit with HP Moonshot product offer. The structured interviews were done with decision-makers of the companies (IT Managers and Financial Managers) and were based on previously prepared interview guidelines²¹.

The first interview was conducted with the IT Manager and the Financial Manager of one of the three Bulgarian Telecommunication agencies. The company is a client of HP and states that it is extremely happy with the products and services of HP and is planning to purchase new products and services within 3 – 6 months. The company is going to introduce new online services and applications during FY14 and is planning to update the current ones with the increase of the number of internet users. From the three Telecommunication Agencies, this was the last to start its business in Bulgaria and used to have the smallest market share. However, in FY13 it has the second position and the number of their users is increasing by almost 1000 per day. Currently, the company is using more than 50 applications and is using San and local disk arrays to save the generated information. The **increase of users, online and mobile applications** is exploding the amount of data managed. The **power, cost and space demands** to support the online services internally for the employees and externally for the company clients are no longer sustainable with the current infrastructure. Furthermore, the company has started **building**

²¹ Interview guidelines to be found in the Appendix.

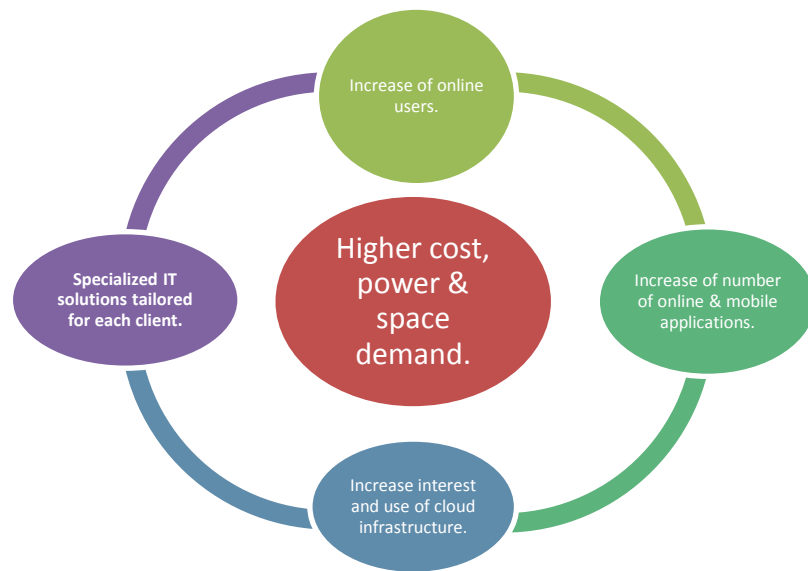


cloud infrastructure in order to simplify IT processes and is interested in the public cloud options (due to space savings).

According to the Financial Manager the company is **ready to spend between \$50,000 - \$100,000** for an IT purchase. From the list given of current HP products, the IT manager states to be mostly interested of the HP Proliant Servers.

The second interview was done with the IT Infrastructure Specialist and the Financial Manager of a company specialized in providing leading IT solutions for the whole spectrum of the Banking and Financial Services Industry operations. As a HP customer they are also satisfied with the products and services of HP and are interested in purchasing new products that meet their current IT needs. Financially they are **ready to spend between \$50,000 - \$100,000** and from the current HP products they are mostly interested in HP Networking and HP Proliant Servers. The reason to be interested in these products is that they are supporting the financial sector and their clients are developing new online and mobile applications every quarter which **demands more space to operate and save generated information**. They are also generating higher amount of online users and want to update different online services (like online&mobile banking) with the increase of the number of their clients. Due to the fact that the company is providing IT solutions for different clients, it is mostly interested in **developing private cloud infrastructure**. The other reason is that due to security issues based on the business sector of their clients, they would like to provide **specialized IT solutions tailored for each client**, and believe that private cloud is the best option. Main concern of the IT Specialist is that the increase of data amount will demand space and will **generate higher power costs**.

Conclusion: Based on the structured in-depth interviews, I indicated similar concerns and needs from the clients which validated the major IT trends. These are:



What is significant is also that both clients are loyal to the brand HP and are interested in purchasing HP products that meets their IT needs. Furthermore, they are ready to spend between \$50,000 - \$100,000 for an IT purchase.

2. Internal Audit

2.1. The company

HP is a global company and the largest provider of information technology infrastructure, software, and solutions to individuals and organization of all sizes. The company was incorporated in 1947 based on the partnership between William Hewlett and David Packard.

Due to the large technology product portfolio and the global reach the company includes five main business groups that produce, support, or sell products and services worldwide. Each group is a separate business unit with a separate strategy priorities aligned with the main corporate strategy. The five business groups are as follows:

*Enterprise Group
(EG)*

*HP Software
(HPSW)*

*Printing and
Personal Systems
Group (PPS)*

*HP Financial
Services (HPFS)*

*HP Enterprise
Services (ES)*



Priorities:

HP develop the following Priorities for FY13:

Win – Win in the market by capturing share

Execute – Execute efficiently and drive financial performance

Delight – Delight customers and partners with best-in-class experiences

Innovate – Innovate and launch new technologies, products, services, and business models

Develop – Develop employees and establish a differentiated corporate culture

The Enterprise Group

The EG includes several other business units that cover different products and services including servers, storage, networking and services to support and enhance the infrastructure capabilities. The main goal of the Enterprise Group is to remain leadership position in the Data Center. Therefore the EG created a new HP Servers global business unit which will help accelerate the speed of transformation of the server industry and drive profitable growth. The new HP Servers unit will cover like before three main product areas: Enterprise Servers, Hyperscale (including the HP Moonshot portfolio) and Core Servers. Furthermore, the Enterprise Group sees three big Infrastructure trends and leverages its business priorities with them – evolve and expand the Converged Infrastructure, Converged Cloud and Software Defined Data Center. Therefore, main focus of the group is the high-growth markets, especially Blades, the Cloud and the Technology Services. One of the main priorities is also to turn around results for the Server business and to drive technology innovation.

HP Bulgaria

HP opened its main office in Sofia on January 1st, 1998. In June 1999, HP decided to transform its operations in the country and set up a fully functional subsidiary. The HP Bulgaria office consists of a Sales Office and Go to Market Office. Two of the main business groups are presented in the Bulgarian Office: the Enterprise Group and the Printing and Personal Systems Group. Besides that in January 2004 HP launched the Global Delivery initiative. This initiative is a key HP Services strategic initiative aimed at transforming how HP deliver value to the customers, ultimately resulting in a world class global delivery model leveraging industry best practices. As a result HP opened its Global



Delivery Center in Sofia, Bulgaria. The HP Global Delivery Center earned the award of “Investor of the Year 2011” for Bulgaria and also the “Most Attractive Employer”.

2.2. Collaborators

HP Moonshot product is part of the Enterprise Group and is offered directly to the Enterprises, SMBs and the government. Due to the direct sales approach, the product is not included in the Partnership program of HP.

However, in order to approach clients and promote the product, HP is following established marketing strategy by using the services of chosen communication agencies. In this sense a very important collaborator is the communication agency.

In the case of HP Moonshot, the agency responsible for the launch of the new EG products is an agency, affiliated with the Burson-Marsteller network.

3. SWOT analysis

Strengths

Diverse portfolio

- In comparison with the competition, HP has a diverse portfolio including different products like computers and printers, storage, servers and networking, services.

Wide customer base

- The company offers its products and services to large enterprises and, service providers, commercial and consumers.

Globally recognized brand name

- The company is globally recognized and still wins significant number of customers. It was selected as the official technology partner to Oriental DreamWorks.
- In Bulgaria HP has a long history. Being one of the first IT companies on the market, it still retains its leading position.



Weaknesses

Stability and consistency

- Frequent changes in the management and change in the strategy lead to uncertainty within the company.
- The major changes in the business model of the EG lead to weak performance.

Decline in revenues on a global level

- Due to an extreme pricing pressure and execution challenges in the Industry Server Segment the revenues declined with 9%.

Opportunities

Innovation breakthrough

- By introducing Moonshot which is the first software defined server, HP is creating a roadmap for both a family of future product from HP as well from other vendors.

Retain and attract new clients

- Position Moonshot as the key enabler of IoT solutions whereas customers are not only enterprises, SMB but also big data centers.

Being first/ Competitive advantage

- HP is the first company introducing such a server on the global market and could be the first one introducing such a product on the Bulgarian market. By saving space and energy for the customer, and also optimizing for the specific needs of the client, HP Moonshot is making the traditional servers obsolete.

Threats

Competition

- Dell is already present on the Bulgarian market and it's Copper and Zinc Server is recognized as one of the main competitor of HP Moonshot. There is a threat of introducing their product first.



Rapid Technological Changes

- The enterprise solutions and information technology are characterized by rapid technological changes, which may affect the success of the project in the future. Server business runs on short product development and life cycle. For the servers it is considered to be 2-3 years. HP should be ready to offer new product within those years.

4. Marketing Strategy

4.1. Marketing goals and objectives

The Marketing department focuses on the following marketing objectives:

Drive demand to meet pipeline, revenue, and margin goals for the Enterprise Group

Due to the bad financial results for the Enterprise Group, the main goal is to support the revenue & gross margin targets for all business units in the EG, to exceed the marketing contribution to pipeline and to expand the focus on service providers and SMB market segments.

Remain the leader on the Bulgarian market and keep the highest market share

HP should retain its strong position on the Bulgarian market. Therefore, the Marketing department should expand awareness for the new IT trends and the HP products that match these new IT needs. It should introduce the new Moonshot server, execute a successful launch program and also expand awareness, consideration and preference for HP products through different campaigns.

Strengthen relationship with Enterprise customers and grow the Channel

The Bulgarian market is a small market where each customer is very important. Therefore, the Marketing department should remain the good relationship with existent clients. Enterprise customers should be approached directly. SMB clients could be approached through HP Partners. Identifying the importance of the channel, HP decided to strengthen its channel management and therefore, include it as one of the main marketing objectives for FY14.



Innovate & Update Operations

Another objective is to make the operations more efficient and therefore to:

- Fully leverage marketing shared services
- Apply marketing best practices for Systems&Reporting
- Implement innovative tools, processes&reporting
- Achieve operational excellence within budget guidelines

4.2. Segmentation

HP Moonshot is a product offered to both Bulgarian and international companies on the Bulgarian market. The target companies are companies who are requiring a new style of IT and specialized IoT solutions. This means they are using a variety of internal applications, internet, and who are having or are interested in having cloud infrastructure.

4.3. Targeting

Based on the segmentation, the target group of HP Moonshot includes Telecommunication companies, Financial Services Companies, the Public Sector and Manufacturing Companies.

4.4. Positioning

HP Moonshot is the world's first software defined server aimed at companies who need unique and differentiated IoT solutions. It stands out of the competition as a huge leap forward in server design because it addresses the speed, scale and specialization required for the new style of IT.

5. Marketing Plan Proposal and Implementation Details

5.1. Product

Recognizing IoT as a main IT trend, HP identifies 3 major factors in their strategy to develop new server. On one hand, the number of apps and also the users and devices connected to the Internet increases. This leads to the need of bigger **scale**. On the other hand, the IT industry is changing rapidly in order to respond to the ever-changing expectations of the customers. **Speed** is needed to gain competitive advantage. Finally, in



order to have efficient scaling, the product should be **specialized** – tailored and optimized for the specific needs of each workload.

Based on those 3 major factors, HP introduces the Project Moonshot. Moonshot server is the first software-defined server. It consists of a resource pool where everything from the traditional server is taken and shared: the power supply, power cords, cooling fans, the management interface, the management network, and the network interface. While in the traditional server all these elements are shared across different servers, here they are shared in the resource pool. This specific design results in tremendous savings in power and space. Everything is shared other than the software defined portion of the design. In other words this is a community of servers where functionality is dedicated and specialized and everything that is common is shared. In one Moonshot chassis there are up to 108 (ProLiant) servers to share components. Every server is tailored and optimized for a specific workload. This design assures high customization according to each single customer's need.

Furthermore, as already mentioned, speed of innovation is crucial. In order to design and bring to market new server solutions at a faster pace, the project HP Moonshot includes the program HP Pathfinder Innovation Ecosystem. Together with leading technology partners HP is working on developing new solutions. That is why Moonshot is made to support any brand of processor from a large number of industry partners due to the fact that different partners have different strengths. Some can specialize in technology that is best applicable for the telecommunication market, other for gaming. New technology for Moonshot is aimed to be released at 3X faster pace, every 4 months.

5.2. Price

Strategy: The HP Moonshot system is available in Europe beginning in May. In Bulgaria it is planning to be launched during FY14. Pricing begins at \$61, 875 for the enclosure, 45 Intel Atom-based ProLiant Moonshot cartridges, and an integrated switch. On Bulgarian level the price is not a variable, it is set centrally.

Tactics: Due to the fact that the price is set centrally and no pricing strategy is possible, HP Bulgaria will smooth the price by a flexible financing and asset management solutions available for Moonshot from HP Financial Services. HP Moonshot could be purchased in three installments for the next 1 year and half. Each installment could be paid in 6 months.



5.3. Place

Strategy: Due to the fact that HP Moonshot system is an Enterprise product and will be directly offered to the customers, it will not be included in the channel partner program.

Tactics: Customers will be reached through direct marketing tools described in the Promotion section below. There will be 3 sales people trained to reach the customers directly.

5.4. Promotion

Strategy: HP Moonshot is a completely new product for Bulgaria and globally, and it is directly offered to the end customer. Therefore, a push strategy is to be implemented.

Tactics: In order to simplify the process, I decided to use a four stage process for launching the campaign:

Planning - > Development - > Launch - > Post-launch

5.4.1. Planning

Communication objectives:

The communication objectives are based on all buyer-readiness stages:

- awareness of the product
- knowledge about it
- liking
- preference (from older products of the same brand and other brands)
- conviction and purchase

Message:

HP Moonshot campaign could be seen as a part of the global pre-enterprise campaign of HP that first launched at HP Discover in Las Vegas. The key messaging is “It’s time to build a better enterprise. Together” It is also included in the global Big Hits campaign as a hero product of the Server Business Unit with the key message “The new style of IT.”

Target audience: decision makers such as CEOs, country managers, IT managers and financial managers depending of the size of the company



Integrated Marketing Communications and Promotion tools:

- Digital&Social Media: based on the target audience, digital&social media to be used is Bulgarian website of HP, HP Bulgarian Facebook, Twitter, LinkedIn add, Google add, online adds in business magazines such as “Capital”, “Dnevnik”, “The Economist”, “Forbes”, “Manager”;
- Print media: Airplane catalogs, Flyers in Business class, Flyers on different Business events, adds in specialized business newspapers and magazines such as “Capital”, “The Economist”, “Forbes”, “Manager”;
- Personal Selling: sales team should be trained to reach the target clients, to offer the product directly at customers` site;
- Public Relations and Direct Marketing: to be considered as the most important and effective tool. In order to make the target audience aware of the product, an event will be organized. On this event journalists of specialized magazines and newspapers will be invited, along with the target audience. The event will consist of an evening cocktail with an official part including several lectures presenting the leading IT trends and how HP Moonshot is answering to the IT challenges, and also including statements by HP Bulgaria`s general manager. There will be a discussion and questions & answers session afterwards.

After establishing marketing priorities, communication objectives, message, target audience and promotion tools, I will develop an internal document - HP Marketing Program Brief Template which is to be reviewed with stakeholders, approved from management and delivered to agencies. HP is supported by specific agencies. Therefore, I will deliver the Template to three specific agencies in Bulgaria. They have to develop brief and creative concepts based on the template and information given by HP.

5.4.2. Development

All creative will be reviewed for compliance to HP guidelines within 2 days. Then, an agency will be chosen to develop and launch the campaign. PR strategy will be finalized and aligned on messaging. Investment guidance “thresholds” will be developed. Media strategy and promotion tools to be approved.



The event: We will work in collaboration with the chosen Agency in planning and organizing of the launch of HP Moonshot. The Agency will develop a special event concept based on several key elements. Firstly, a unique location for the event has to be chosen, it should be classy but also very modern and symbolizing the highly innovative spirit of the product. Secondly, the agency will develop great creative that keeps the global message of the global and Big Hit campaign but also add unique touch for the local campaign. Finally, it is important to emphasize the innovation element and therefore the execution should mix lights, lasers, sounds, and music to bring memorable experience to the guests. Preferable motives to be included are the space and the moon whereas the product could be presented as “far beyond the earth surface”.

The agency will develop the whole special program that includes the development of the event concept, scenario, press release production and distribution, media assistance, collateral materials, logistics and on-site management that will be approved by me as part of the Marketing Team.

Collateral materials: The Agency will design and produce all of the event collateral materials, including floor banners, print and HTML invitation, hall branding, multimedia, and giveaways. The giveaways should include creative and memorable gifts for the audience.

5.4.3. Launch

Final campaign tactics are reviewed and put into implementation. The product will be launched firstly through the digital&social media and print media to create a buzz within the target audience. Each one of the target audience will be invited personally through an e-mail and a letter to attend the HP Moonshot event.

5.4.4. Post-Launch

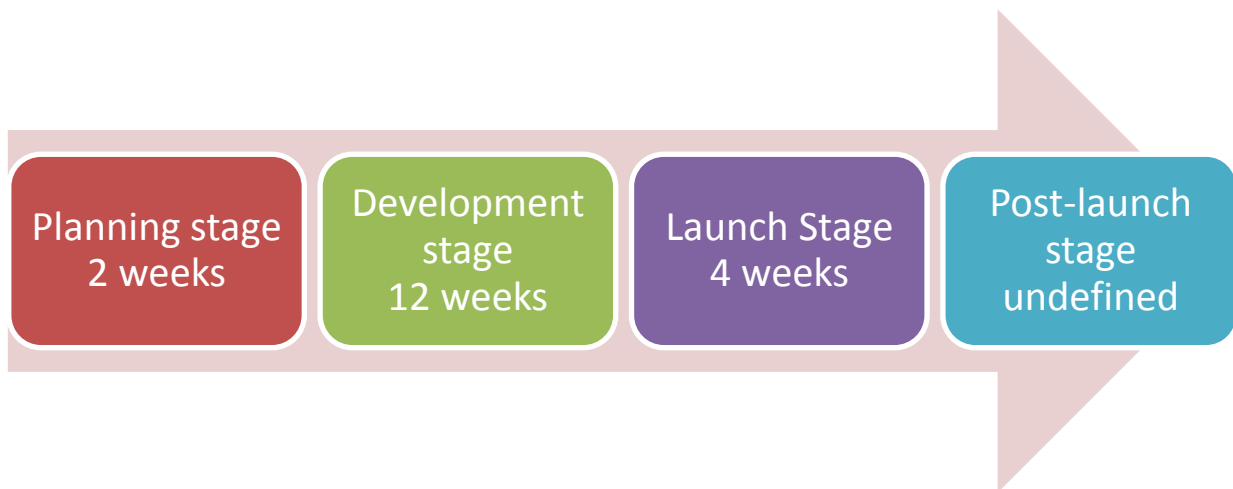
The post-launch stage is the final stage after launching HP Moonshot with the special event. The success of the launch should be tracked. Digital&Social media promotion tools will be tracked through different online tools like Internet traffic measurement. Then they will be adjusted and optimized when needed.



The success of the launching event will be tracked by customer feedback (every guest will receive a questionnaire to measure his opinion), PR reviews, publications and closed sales deals.

5.4.5. Timing

Campaign duration = 18 weeks



6. Budget

Key Assumptions:

- 1) At list prices of more than 10x HP's current top-end ProLiant servers sales volume in year 1 will be very low, driven by just a few early adopters (for instance, 1 large telecom (of 3 total in BG), 2 financial institutions (out of over 15) and one large industry client)
- 2) Cost of promo events is based on actual offer from a Bulgarian PR & Marketing Agency. It will include one big-splash opener (Q1 2014) and another follow-up several months after the first sale, which will showcase the first early adopters (expected Q3 2014)
- 3) Print & online advertising cost is inline with international rates quoted by leading publications such as the Economist to Bulgarian clients, with an adjustment for the price levels of the Bulgarian market
- 4) Sales commission of 5% is needed to incentivize the top-performers of the sales team to sell this much-harder-to-sell product to the early adopters



Projected Sales (Units)	4
Unit List Price	\$ 61,875
Total Gross Sales	\$ 247,500
Cost of Goods Sold (Hardware)	\$ 50,000
Gross Profit	\$ 197,500
Promo Events (x 2)	\$ 54,000
Print & Online Advertising	\$ 90,000
Sales Commission to Sales Team	\$ 12,375
Total Marketing& Sales Expenses	\$ 156,375
Product Contribution	\$ 41,125
Product Contribution Margin	17%

7. Risks& Mitigation

Economic Downturns

Bulgarian economy is slowly recovering from the recession of 2009. However, the growth prospects are below trend and some risks should be considered²². Government consumption could be limited by the need to maintain a narrow spending deficit and government is considered as one of the potential customers of HP Moonshot. On the other hand, the economic crisis in the euro-zone is having a negative impact over Bulgaria`s short-term economic outlook and especially on the Bulgarian exports. Thus the manufacturing sector could be negatively impacted as well.

According to the Economic Research of D&B despite the negative impacts Bulgaria will enjoy macroeconomic stability characterized by low inflation, low public debt and a narrowing current account deficit. The financial sector is also stable. Due to the economic difficulties the country will have slow but steady growth in consumer demand. Bulgaria-based manufacturers should anticipate rising growth in output as demand rises in the country`s key European export markets. D&B recommends for investors to assume stability of exchange rates and reasonable price stability.

²² Data taken from D&B Country Insight research for 2014.



Therefore, the conclusion based on this research is that there will be rather an economic improvement but what is to be considered is that it will be characterized by a slow growth. This could have negative impact on the HP Moonshot sales because companies usually tend to save money from IT investments.

Main sales strategy of HP will be to convince those companies that investing in HP Moonshot is creating future benefits and should rather be considered as Capex (and not Opex) that could be depreciated within the next 3 years. Having this server will save time, energy and money for the customer in long-term.

HP will also have special financial services for the customers affected of the crisis. Decrease of the price is not considered but rather flexible financial opportunities like option to pay in several installments. There will be also several promotions in terms of service delivery or after sales. For example, free break& fix services, maintenance services etc.

Competitors

The existence of new competitors might enhance the bargaining power of the target group. The IT sector is a fast developing sector where new technology is becoming obsolete quickly and there is a high competition of offering the most innovative product. Due to the fact that HP Moonshot is a product with no competition yet and that HP is an absolute leader on the server market in Bulgaria, the risk of competition is quite low.

However, HP is **investing in innovation** in the HP Moonshot server and new technology for Moonshot is aimed to be released at 3X faster pace, every 4 months in order to fight obsolescence.

Due to the pricing policy, change in price is not possible, but an increase in the portfolio of **after sales services** and delivery promotions, and also financial services should be considered.



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Appendix

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total	6,181	5,411	6,048	5,908	6,159	6,421	7,192	8,184	9,346

Figure 1 IDC Server Forecast Bulgaria

INTERVIEW GUIDELINES:

- * As a major customer of HP are you satisfied with the products and services of HP? Could you range your satisfaction with a number from 1 – I am totally not satisfied to 10 – I am extremely happy with the products and services of HP.
- * Do you plan purchasing a product or service of HP in the next 6 months?
- * Which are the products and services you are interested in?
- * Why are you interested in these products?
- * What is your budget for a potential IT purchase?
- * How many online users did you have for the FY12 and how many are projected for FY13 and FY14?
- * How many applications do you have for internal use (Intranet, HR tools, CRM) and how many for your customers? Are you developing new applications and what is the projection for FY13?
- * Are you planning to build cloud infrastructure in your company?
- * What kind of cloud infrastructure would you like to build in your company?
- * What kind of hardware platforms (storage servers) do you use to save the information generated from the applications?
- * How many of those servers do you have? Are they situated in one room? What is the space they take?
- * What are your power costs to maintain these servers?